

+++ IF YOU RECEIVED THIS COMMUNICATION VIA MAILGRAM, AND +++  
WISH TO RECEIVE FUTURE COMMUNICATIONS VIA FAX, PLEASE  
CONTACT OUR CUSTOMER SERVICE OFFICE IN RICHMOND, VIRGINIA.

TO OUR DIRECT CUSTOMERS:

ON JULY 20, 1993, WE STATED OUR INTENTION TO BE FULLY COMPETITIVE IN ALL SEGMENTS OF THE MARKET. IN ORDER TO ENSURE THAT OUR DISCOUNT BRANDS REMAIN COMPETITIVE WITH THE PRIVATE LABEL AND DISCOUNT PRODUCTS OF OTHER MANUFACTURERS, WE ARE RESCINDING OUR PREVIOUSLY ANNOUNCED PRICE INCREASE ON BASIC AND ESTABLISHING A NEW LIST PRICE FOR ALL OUR DISCOUNT BRANDS. EFFECTIVE WITH SHIPMENTS OF MONDAY, AUGUST 9, 1993, LIST PRICES ON ALL OUR DISCOUNT BRANDS WILL BE:

KINGS AND 100'S -----	LIST PRICE -----
CAMBRIDGE, ALPINE, BRISTOL, BUCKS, BASIC	\$34.70/M CIGARETTES

ALL OTHER CHANGES IN PRICES AND ALLOWANCES ANNOUNCED IN OUR JULY 20 AND JULY 21, 1993, COMMUNICATIONS TO YOU REMAIN THE SAME.

THIS ANNOUNCEMENT DOES NOT APPLY TO PRODUCTS MANUFACTURED BY FAMOUS VALUE BRANDS. ANY ANNOUNCEMENTS REGARDING THESE PRODUCTS WILL BE COMMUNICATED BY FAMOUS VALUE BRANDS TO ITS CUSTOMERS.

INVENTORY ADJUSTMENT FOR BASIC, CAMBRIDGE, ALPINE, BRISTOL & BUCKS  
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WHEN WE COUNT YOUR INVENTORIES THIS WEEK, WE WILL INCLUDE BASIC AND BASE OUR PAYMENT TO YOU FOR YOUR INVENTORIES OF BASIC, CAMBRIDGE, ALPINE, BRISTOL AND BUCKS ON THE DIFFERENCE BETWEEN THE CURRENT NET INVOICE PRICE (LIST PRICE MINUS ANY OFF-INVOICE ALLOWANCES) AND THE NEW AUGUST 9, PRICE OF \$34.70/M.

EXTRA DATING STATEMENT  
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AS MENTIONED IN OUR ANNOUNCEMENT DATED JULY 29, 1993, WE ARE PROVIDING YOU WITH THE ATTACHED STATEMENT OUTLINING YOUR AVERAGE WEEKS' PURCHASES BY BRAND AND PACKING WHICH ARE ELIGIBLE FOR EXTRA DATING FOR THE PERIOD OF AUGUST 9, THROUGH AUGUST 13, 1993.

PHILIP MORRIS IS NOT LIABLE FOR ANY ERRORS IN THIS COMMUNICATION THAT MAY OCCUR DURING THE TRANSMISSION PROCESS.

THANK YOU FOR YOUR CONTINUED SUPPORT AND COOPERATION.

PHILIP MORRIS U.S.A.

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